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FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554

28 OCT 1993

IN REPLY REFER TO:

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

93-253

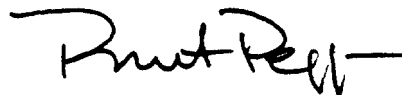
Honorable Glenn English  
House of Representatives  
2206 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman English:

This in reply to your letter of September 16, 1993, on behalf of your constituents James J. Broshar and Delores L. Donnelly. Mr. Broshar and Ms. Donnelly are concerned about the impact of the competitive bidding provisions of the Omnibus Budget Reconciliation Act of 1993 (Budget Act) on small businesses and rural telephone companies. Your letter was referred to me because the Office of Plans and Policy is responsible for implementing the competitive bidding provisions of the Budget Act for the Commission.

On October 12, 1993, the Commission released a Notice of Proposed Rule Making, ~~PP Docket~~ No. 93-253 (Auction NPRM), to implement the provisions of the Budget Act concerning competitive bidding. According to the Budget Act, the Commission must ensure the economic opportunity of small businesses, businesses owned by women and minorities and rural telephone companies. To meet this Congressional mandate, the Auction NPRM proposed a variety of financial incentives for the designated entities. Specifically, we proposed to offer the designated entities the equivalent of government financing for payment of their bids for services subject to competitive bidding i.e., installment payments with interest. We also asked for comment on the use of tax certificates. In the case of broadband PCS, the Commission also proposed to set-aside two blocks of spectrum in each market, one of 20 MHz and one of 10 MHz, for bidding by the designated entities. In this manner, the designated entities would only compete with one another for broadband PCS rather than against larger entities with easier access to capital. As we consider the comments filed in the competitive bidding proceeding, I can assure you that we will keep in mind our mandate to ensure economic opportunity for the designated entities, including small businesses and rural telephone companies, as required by the Budget Act.

Sincerely,



Robert Pepper  
Chief  
Office of Plans and Policy

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**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-3606**  
September 16, 1993

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90-314

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3774

Mr. James H. Quello  
Chairman  
Federal Communications  
Commission  
1919 M. Street, N.W.  
Washington, D.C. 20554

Dear Chairman Quello:

Attached you will find a copy of a letter from the Western Rural Telephone Association outlining some concerns they have regarding the licensing of personal communications services (PSC) which is currently pending before the Federal Communications Commission (FCC).

I request that you take into account the special needs of rural communities and consider the points outlined in the attached letter. The FCC's auction authority, outlined in the Omnibus Budget Reconciliation Act of 1993, includes guidelines for the FCC to design the auction so that rural telephone companies can participate effectively and independently for PSC licenses.

Should you require additional information regarding this request, please do not hesitate to contact my office. In advance, thank you for your assistance with this matter.

With kindest regards, I am

Sincerely,

Glenn English  
Member of Congress

GLE/dg

# WESTERN ALLIANCE

September 10, 1993

Congressman Glenn English  
Washington, DC 20515-3606

Dear Congressman English:

We are an alliance of telephone companies providing service to your constituents and others in rural communities throughout the 23 western states. In passing the Omnibus Budget Reconciliation Act of 1993, you and your colleagues enacted certain protections for rural telephone companies and rural communities, to ensure that they would have the opportunity to participate in the personal communications services ("PCS") which are to be licensed in the very near future pursuant to the newly enacted competitive bidding procedures for radio spectrum. **YOUR ASSISTANCE IN URGING THE FEDERAL COMMUNICATIONS COMMISSION TO ADOPT THESE PROTECTIONS IS REQUESTED NO LATER THAN SEPTEMBER 15, 1993.**

The purpose of this letter is to seek your assistance in urging the FCC to implement specific protections for rural telephone operations. In particular, the joint coalition of the Rocky Mountain Telecommunications Association ("RMTA") and the Western Rural Telephone Association (RESPONSE CODE) formulated a specific set of proposals to ensure that PCS will not be denied to rural America. We feel that these protections are especially important because of two unique problems faced by rural telephone companies in the western states:

1. Most major cities in western states are surrounded by rural areas rather than suburbs. Thus, there is a danger that the highest bid for each of the available PCS licenses will be made by a company proposing to serve a major city, leaving the surrounding rural communities unserved.

2. Rural telephone companies are dedicated to serving high-cost low population density areas. PCS services will target the high-volume business customers that constitute the rural telephone companies' greatest source of revenue. If rural telephone companies cannot provide enhanced PCS services to these customers, their revenue base will be severely eroded, thereby driving up costs for all rural customers (including residents), and perhaps jeopardizing basic telephone service.

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Fax: (602) 860-6904



Western Rural Telephone Association  
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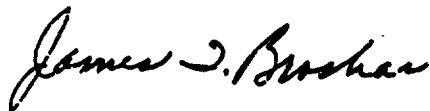
RMTA AND WRTA have filed a "Petition for Further Notice of Proposed Rulemaking" which makes the following specific proposals:

- a. The FCC should set aside one block of PCS spectrum (of the same bandwidth as the other allocated frequency blocks) for rural telephone company use. All telephone companies within the designated filing area would pool together their bids to ensure that adequate revenues would be generated from this set-aside; or
- b. As an alternative proposal, the FCC would require the high bidder for one frequency block to share the spectrum with rural telephone companies. The high bidder would be required to either use "microcell technology", so as to prevent interference to neighboring rural communities using the same frequencies, or to reach an agreement with neighboring rural telephone companies to operate their systems jointly. The high bidder and the telephone companies would split the bid amount on a pro rata basis according to population.
- c. Other protections recommended for rural telephone companies, small businesses, and minority/women owned businesses, include: (i) the use of bid multipliers so that each dollar bid by a protected group counts for more; (ii) the use of extended payment schedules and royalty payments, so that these groups can increase their bid by making time payments; (iii) issuing tax certificates to encourage higher bids; and (iv) the creation of licensing areas small enough that protected groups can reasonably afford to serve.

The FCC will stop accepting comments on this matter on September 15, 1993, and will vote on it shortly thereafter. Therefore, it is urgently requested that you immediately contact the FCC to express your support for the specific proposals of RMTA and WRTA.

Sincerely,

Rocky Mountain  
Telecommunications  
Association



James J. Broshar  
Exec. Vice President

Sincerely,

Western Rural  
Telephone  
Association



Dolores L. Donnelly  
Exec. Vice President  
Director